



IN THE DISTRICT COURT OF LOGAN COUNTY
STATE OF OKLAHOMA

ent
STATE OF OKLAHOMA
LOGAN COUNTY SS:
FILED FOR RECORD ON

2016 FEB 19 AM 9:48

GARY AND SHARON MCDONALD,)

Plaintiffs,)

vs.)

Case No.: CJ-2016- 32 BY MR DEPUTY

CSAA INSURANCE EXCHANGE,)

CSAA FIRE AND CASUALTY)

COMPANY d/b/a)

AAA FIRE AND CASUALTY)

INSURANCE COMPANY; and)

AUTOMOBILE CLUB OF)

OKLAHOMA d/b/a AAA OKLAHOMA,)

Defendants.)

PETITION

Plaintiffs, Gary and Sharon McDonald, for their cause of action against Defendants CSAA Insurance Exchange ("CSAA"), CSAA Fire and Casualty Insurance Company d/b/a AAA Fire and Casualty Insurance Company ("AAA"), and Automobile Club of Oklahoma d/b/a AAA Oklahoma state as follows:

JURISDICTION AND VENUE

1. Plaintiffs Gary and Sharon McDonald (hereinafter "Plaintiffs") are citizens of the State of Oklahoma and residents of Logan County.
2. Defendant CSAA is an Indiana corporation with its principal place of business in the State of California.
3. Defendant AAA is an Indiana corporation with its principal place of business in the State of California.
4. Automobile Club of Oklahoma d/b/a AAA Oklahoma is a domestic not for profit Oklahoma company. In order for homeowners in Oklahoma to purchase insurance for their

homes through AAA, each must first become a member of AAA Oklahoma, which is the trade name for Automobile Club of Oklahoma. AAA Oklahoma is by definition a local AAA club. That said, Automobile Club of Oklahoma d/b/a AAA Oklahoma may be vicariously liable for the actions or inactions of its corporate affiliates and partners in this case. Automobile Club of Oklahoma may be served with process in Tulsa, Oklahoma.

5. Based on information and belief, Defendant CSAA is the parent Company of AAA, Automobile Club of Oklahoma d/b/a AAA Oklahoma. Defendants CSAA, AAA, and Automobile Club of Oklahoma d/b/a AAA Oklahoma operate and are part of a reciprocal insurance exchange, wherein they pool and partner their businesses under a regime of control such that all of its subsidiaries and affiliated companies can be held liable for bad faith and breach of contract.

6. Venue is proper under 12 O.S. § 137.

FACTUAL BACKGROUND

7. As of February 6, 2015, Plaintiffs had earthquake coverage on their AAA homeowners' insurance policy, Policy No. HO3-003854665.

8. Some time after February 6, 2015, Plaintiffs sustained significant damages to their home due to earthquakes.

9. On April 28, 2015, Plaintiffs hired an engineer to investigate the damages to their home. The engineer determined earthquakes caused most of the damages to Plaintiffs' home.

10. On or about November 2, 2015, Plaintiffs properly and timely submitted a claim to AAA for the property damage resulting from the recent earthquakes.

11. On November 11, 2015, AAA hired PT&C Forensic Consulting Services to investigate the same damages that were inspected by Hall Engineering on April 28, 2015. PT&C concluded the damages to Plaintiff's home were not caused by earthquakes, but were caused by soil movement.

12. On December 7, 2015, AAA wrongfully denied Plaintiffs' claim in its entirety.

COUNT I: BREACH OF CONTRACT

13. Plaintiffs fully incorporate into this Paragraph each and every allegation in the preceding paragraphs of this Petition as if each were fully iterated verbatim herein.

14. Plaintiffs entered into a contract of insurance with Defendant AAA to provide earthquake coverage for their dwelling. Plaintiffs' homeowners' policy with Defendant AAA was in full force and effect at all material times hereto.

15. Plaintiffs provided proper and timely notice to AAA of their claim arising from earthquake damage that occurred in their home some time after February 6, 2015.

16. Plaintiffs have in all material ways complied with the terms and conditions of the policy.

17. AAA, however, has breached its contractual obligations under the terms and conditions of the insurance contract with Plaintiffs by failing to provide coverage and pay Plaintiffs benefits to which they are entitled under the terms and conditions of the policy.

18. As a result of AAA's breach of contract and other wrongful conduct, Plaintiffs have sustained financial losses, mental and emotional distress and have been damaged in an amount in excess of Seventy-Five Thousand Dollars (\$75,000.00), exclusive of attorneys' fees, costs and interest.

COUNT II: BREACH OF THE DUTY OF GOOD FAITH AND FAIR DEALING

19. Plaintiffs fully incorporate into this paragraph each and every allegation contained in the preceding paragraphs of this Petition as if each were fully iterated verbatim herein.

20. AAA has a duty to deal fairly and in good faith with Plaintiffs.

21. AAA did not deal fairly and in good faith with Plaintiffs.

22. AAA failed to perform a proper investigation in regards to Plaintiffs' claim made under their homeowners' policy.

23. AAA has refused, without proper cause, paying Plaintiffs all benefits they are owed under the insurance contract and pursuant to Oklahoma law.

24. AAA has no reasonable basis in its refusal to recognize and pay Plaintiffs their benefits owed under the policy for damages caused by earthquakes.

25. AAA knowingly and intentionally failed to engage in proper claims handling practices and failed to compensate its insured losses covered under its homeowners' insurance policy.

26. AAA engaged in these improper claims practices knowing that its insureds would suffer financial harm.

27. AAA intentionally engaged in an outcome-oriented investigation.

28. AAA put its interest in maximizing financial gains, and limiting disbursements above the interests of Plaintiffs.

29. As a consequence of AAA's breach of the duty of good faith and fair dealing, Plaintiffs have sustained damages, including deprivation of monies rightfully belonging to them, anger, stress, worry, physical and emotional suffering, attorney fees and litigation costs.

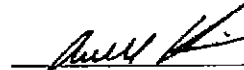
30. The conduct of AAA was intentional, willful, malicious, and/or in reckless disregard of the rights of others.

31. The actions of AAA during the handling of Plaintiffs' claim demonstrate it intentionally, and with malice, breached its duty to deal fairly and in good faith. The actions of Defendant AAA were intentional, malicious and consistent with an overall collective corporate goal of increasing profits through the systematic reduction or avoidance of claims. Plaintiffs therefore seek punitive damages in an amount in excess of Seventy-Five Thousand Dollars (\$75,000.00).

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment against Defendants in an amount in excess of Seventy-Five Thousand Dollars (\$75,000.00), together with costs, interest, reasonable attorney fees, and other relief that this Court deems just and equitable.

Respectfully submitted,



Reggie N. Whitten, OBA #9576

Michael Burrage, OBA #1350

J. Revell Parrish, OBA #30205

WHITTEN BURRAGE

1215 Classen Drive

Oklahoma City, OK 73103

Telephone: (405) 516-7800

Facsimile: (405) 516-7859

-and-

John L. Branum, OBA #20165
BRANUM LAW FIRM, PLLC
7701 South Western Ave., Suite 205
Oklahoma City, OK 73139
Telephone: (800) 318-9950
Facsimile: (800) 418-8210

ATTORNEYS FOR PLAINTIFF

**ATTORNEY LIEN CLAIMED
JURY TRIAL DEMANDED**